



Stan Wisniewski
Director

Kerry Gottlieb
Chief Deputy

May 18, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**CONSENT TO ASSIGNMENT OF LEASEHOLD INTEREST
PARCEL 64T (VILLA VENETIA APARTMENTS) - MARINA DEL REY
(FOURTH DISTRICT)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed assignment of the leasehold interest in Parcel 64T, Lease No. 4709, is categorically exempt under the California Environmental Quality Act pursuant to Class 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chairman of the Board to sign the attached Consent to Assignment of Lease (Consent) for Parcel 64T, from Tuxedo Real Estate Limited Partnership, a Delaware limited partnership (Tuxedo), to a consortium consisting of four Delaware limited liability companies: Lyon Villa Venetia, LLC; Lyon Villa Venetia II, LLC; Wolff Villa Venetia 224, LLC; and Wolff Villa Venetia 224 II, LLC (collectively Lyon/Wolff).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Tuxedo is the lessee of Parcel 64T by virtue of a previous assignment approved by your Board on April 3, 1999. Tuxedo is now requesting the County's consent to the assignment of its leasehold interest in Parcel 64T, commonly known as the Villa Venetia Apartments (Villa), to Lyon/Wolff.

Marina del Rey leases provide that the County's consent is required on most lease assignments and that such consent may not be unreasonably withheld. Department policy provides that the County's approval or denial of any assignment will be based on one or more of the following: a) the financial condition of the assignee; b) the price to be paid for the leasehold as it relates to development thereon or potential development; c) the management of the leasehold by the new lessee being in the best interest of the total Marina project.

Assignment of Leasehold

Our review has found: a) the assignee, Lyon/Wolff, has adequately capitalized the project, thus providing an annual surplus from the leasehold operations that will enable appropriate maintenance and leasehold operations; b) the sale price of \$34,250,000 appears to be near the upper limit of market price for the leasehold and improvements thereon, but within acceptable market standards; and c) Lyon Management Company, Inc., the proposed manager on behalf of Lyon/Wolff and an affiliate company of the proposed lessee, has the prerequisite experience in acquiring, developing and managing multi-family properties similar to the subject leasehold, having owned or managed 34 apartment communities consisting of over 11,000 units, as well as a portfolio of real properties with a value in excess of \$1 billion; in addition, other affiliates of the lessee currently manage more than 4,000 apartment homes throughout the western United States.

Implementation of Strategic Plan Goals

The leasehold assignment is consistent with the County's Strategic Plan Goal of Service Excellence, in that while maintaining appropriate management of the leasehold and appropriate protection of County interests, it allows the transfer of the leasehold interests.

FISCAL IMPACT/FINANCING

There is no financial impact to County as a result of the proposed assignment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 21, 1961, the County entered into a 60-year lease effective from the date May 10, 1961, for the premises currently known as Parcel 64T, Villa Venetia Apartments. On April 3, 1999, your Board approved an assignment wherein Jackbuilt, Inc., a California corporation, assigned all its interest in Parcel 64T to Tuxedo Real Estate Limited

Partnership, a Delaware limited partnership. The parcel occupies 6.4 acres of land and is improved with 224 apartment units.

The proposed assignee is a consortium consisting of four Delaware limited liability companies: Lyon Villa Venetia, LLC (25%); Lyon Villa Venetia II, LLC (25%); Wolff Villa Venetia 224, LLC (30%); and Wolff Villa Venetia 224 II, LLC (20%). The attached Exhibit A illustrates the proposed ownership structure.

The most recent maintenance inspection of Parcel 64T was completed on January 12, 2004 and identified certain items requiring repair and maintenance. The Department's Facilities & Property Maintenance Division has reviewed with the proposed assignee the specified repair items, as well as repair requirements to bring them to Marina standards, and the assignee has specifically committed, as a condition of the Department's consent to the assignment, to assume the lease obligation to maintain the leasehold in accordance with all maintenance, repair and improvement requirements. The proposed assignee has agreed to assume the responsibility for outstanding lease and rent obligations or other County lease obligations that may have arisen from the date of the last audit.

The Assignment of Lease, Acceptance of Assignment of Lease, and Consent to Assignment of Lease are attached hereto as Exhibits B, C and D, respectively. Each has been approved as to form by County Counsel.

The Small Craft Harbor Commission considered and endorsed the Director's recommendation to approve the assignment at its meeting of May 12, 2004.

ENVIRONMENTAL DOCUMENTATION

The proposed lease assignment is categorically exempt under the provisions of the California Environmental Quality Act pursuant to Class 1 (r) and 4 (j) of the County's Environmental Document Reporting Procedures and Guidelines.

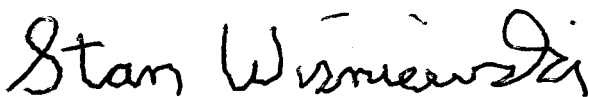
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Attached are three copies of the Consent to Assignment of Lease. Please have the Chairman of the Board of Supervisors sign all three copies and have the Executive Officer of the Board acknowledge the Chairman's signature. Please send two executed copies of the Consent to the Department of Beaches and Harbors.

Respectfully submitted,

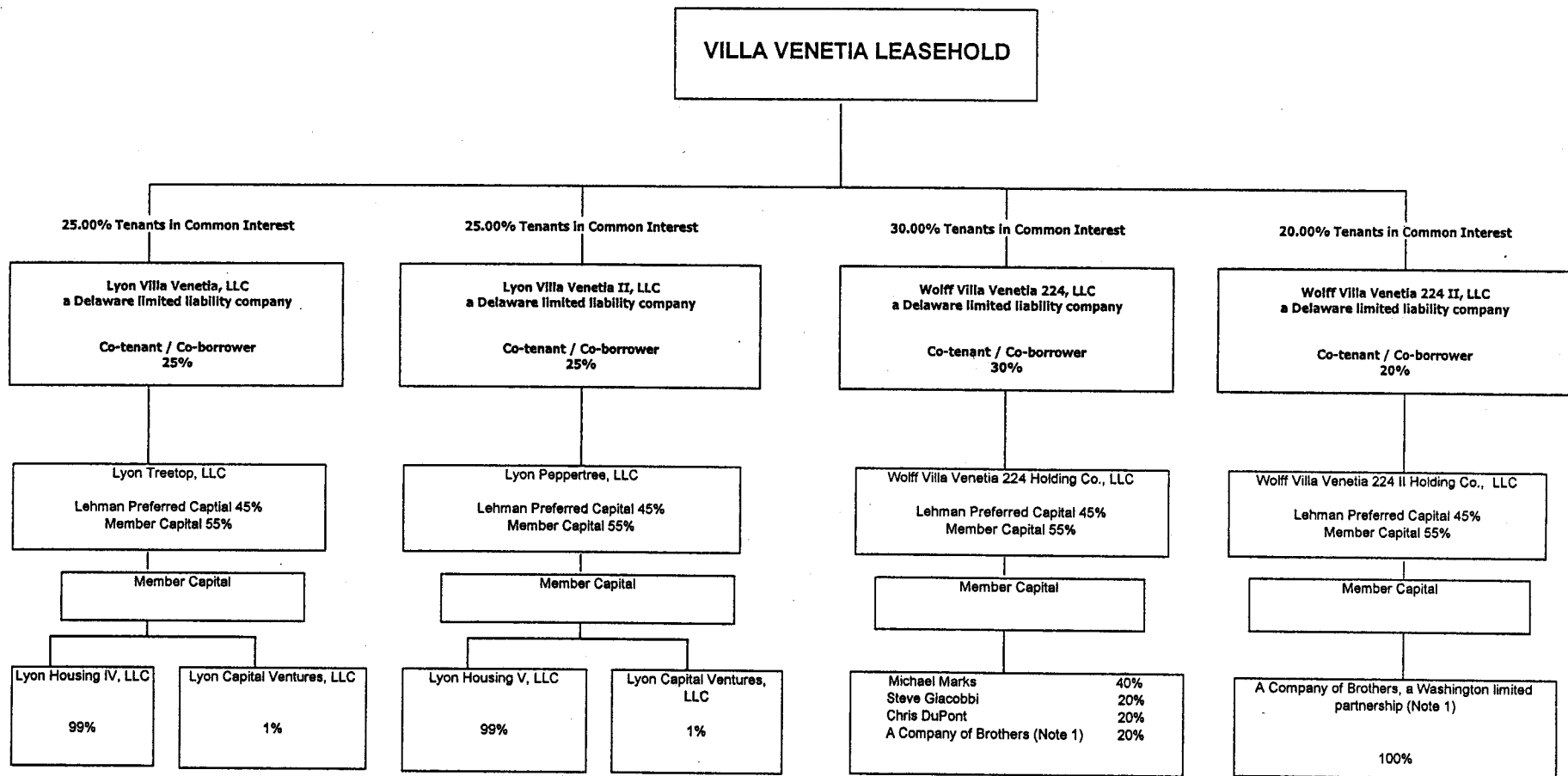

Stan Wisniewski
Director

SW:RM:PW:tm

Attachments (4)

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel

EXHIBIT A



Note 1:

A Company of Brothers, a Washington limited partnership, is owned as follows:

Alvin J. Wolff 20%
 Fritz H. Wolff 20%
 Timothy J. Wolff 20%
 Jesse Wolff 20%
 Peter Wolff 20%

Exhibit B

ASSIGNMENT OF LEASE

TUXEDO REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership (TUXEDO), does hereby assign, transfer, grant, convey and set over to LYON VILLA VENETIA, LLC, a Delaware limited liability company, LYON VILLA VENETIA II, LLC, a Delaware limited liability company, WOLFF VILLA VENETIA 224, LLC, a Delaware limited liability company, and WOLFF VILLA VENETIA 224 II, LLC, a Delaware limited liability company (collectively "LYON/WOLFF"), all of its right, title and interest in and to that certain Lease No. 4709, dated July 21, 1961, as amended by amendments numbered 1 through 13 (hereinafter, the "Lease"), made and entered into by and between the COUNTY OF LOS ANGELES (County), as lessor, and TUXEDO, as the present lessee, covering the leased premises situated in the Marina del Rey Small Craft Harbor of the County, hereinafter sometimes referred to as Parcel 64T, legally described in Exhibit A, attached hereto and incorporated herein.

To have and to hold the same for and during the rest, residue and remainder of the term of the Lease.

This assignment shall be conditioned upon the close of Escrow No. 624064 at Fidelity National Title Company, 1301 Dove Street, Suite 310, Newport Beach, California 92660, and only effective as an assignment of the Lease (i) upon such closing and (ii) upon the full satisfaction of those conditions imposed by the County as set forth in its Consent to Assignment of Lease relating to this assignment.

This assignment and LYON/WOLFF's acceptance of this assignment and assumption of past, present and future obligations created by the terms, covenants and conditions of the Lease shall in no way serve to cancel, limit or impair, as between TUXEDO and LYON/WOLFF, any separate agreements between them relating to any past, present and/or future obligations under the Lease, except that any such agreement shall not serve to cancel this assignment once it has become complete, or to impair County's right to obtain TUXEDO'S full compliance with the terms of the Lease.

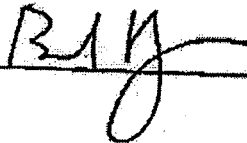
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Dated this 28th day of April, 2004.

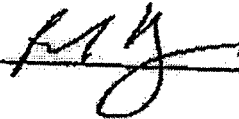
TUXEDO REAL ESTATE LIMITED
PARTNERSHIP,
a Delaware limited partnership

By: Frontage (Road) Corp.,
an Illinois corporation,
its general partner

By: _____
Name: _____
Title: _____

A handwritten signature in black ink, appearing to be "RJ", written over a horizontal line.

By: _____
Name: _____
Title: _____

A handwritten signature in black ink, appearing to be "RJ", written over a horizontal line.

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 64T

Parcels 892 to 898 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County.

Excepting therefrom that portion thereof which lies northeasterly, easterly and southeasterly of a curve concave to the west, having a radius of 55 feet, tangent to the northeasterly line of said parcel and tangent to the southeasterly line of said parcel.

Also excepting therefrom that portion thereof which lies northerly of said northeasterly line and its northwesterly prolongation.

Also reserving and excepting unto the County of Los Angeles rights of way for sanitary sewers, access, fire access and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said County for such purposes.

DESCRIPTION APPROVED
NOV 12 1974

HARVEY T. BRANDT
County Engineer

By A. J. Alraw Deputy

Exhibit C
ACCEPTANCE OF ASSIGNMENT OF LEASE

LYON VILLA VENETIA, LLC, a Delaware limited liability company, LYON VILLA VENETIA II, LLC, a Delaware limited liability company, WOLFF VILLA VENETIA 224, LLC, a Delaware limited liability company, and WOLFF VILLA VENETIA 224 II, LLC, a Delaware limited liability company (collectively "LYON/WOLFF"), do hereby accept from TUXEDO REAL ESTATE LIMITED PARTNERSHIP, a Delaware limited partnership (TUXEDO), the assignment of that certain Lease No. 4709, dated July 21, 1961, as amended by amendments numbered 1 through 13 (hereinafter, the "Lease"), made and entered into by and between the COUNTY OF LOS ANGELES (County), as lessor, and TUXEDO, as the present lessee, covering the leased premises situated in the Marina del Rey Small Craft Harbor of the County, hereinafter sometimes referred to as Parcel 64T, legally described in Exhibit A, attached hereto and incorporated herein, and does hereby assume and agree to perform all obligations past, present and future, created by the terms, covenants and conditions of said Lease on the part of the lessee therein named to be performed.

LYON/WOLFF acknowledges that the County has advised it that rent and other charges due from the lessee have been paid through January 31, 1999, as verified by formal audit, and that all sums determined to be due to County as a result of that audit have been satisfactorily paid to County and that rent and other charges due from the lessee have been received by the County in a timely manner for the time period from February 1999 to the present, but that such payments are subject to formal audit to confirm that the lessee met its rental payment obligations under the Lease. LYON/WOLFF further acknowledges that once this assignment is complete, it will be responsible for payment of such amounts, if any, determined by any such audit to be due and payable to the County, as well as such future audits conducted for time periods during which TUXEDO is lessee under the Lease.

This acceptance of assignment shall be conditioned and effective upon (i) the close of Escrow No. 624064 at Fidelity National Title Company, 1301 Dove Street, Suite 310, Newport Beach, California 92660 and (ii) upon the full satisfaction of those conditions imposed by the County as set forth in its Consent to Assignment of Lease relating to this assignment.

The acceptance of this assignment and LYON/WOLFF's assumption of past, present and future obligations created by the terms, covenants and conditions of the Lease shall in no way serve to cancel, limit or impair, as between TUXEDO and LYON/WOLFF, any separate agreements between them relating to any past, present and/or future obligations under the Lease, except that any such agreement shall not serve to cancel this assignment once it has become complete, or to impair County's right to obtain LYON/WOLFF's full compliance with the terms of the Lease. This acceptance of assignment may be executed in one or more counterparts, all of which will be considered one and the same agreement, and each of which shall be deemed an original.

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Dated this 28th day of April, 2004.

LYON VILLA VENETIA, LLC
a Delaware limited liability company

By: Lyon Treetop, LLC
A Delaware limited liability
company, its managing member

By: [Signature]
Name: Frank T. Suryan, Jr.
Title: President

LYON VILLA VENETIA II, LLC
a Delaware limited liability company

By: Lyon Peppertree, LLC
A Delaware limited liability
company, its managing member

By: [Signature]
Name: Frank T. Suryan, Jr.
Title: President

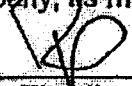
WOLFF VILLA VENETIA 224, LLC
a Delaware limited liability company

By: Wolff Villa Venetia 224 Holding
Company, LLC
A Washington limited liability
company, its managing member

By: [Signature]
Name: Timothy Michael Wolff
Title: Manager

WOLFF VILLA VENETIA 224 II, LLC
a Delaware limited liability company

By: Wolff Villa Venetia 224 II Holding
Company, LLC
A Washington limited liability
company, its managing member

By: 
Name: Timothy Michael Wolff
Title: Manager

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 64T

Parcels 892 to 898 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County.

Excepting therefrom that portion thereof which lies northeasterly, easterly and southeasterly of a curve concave to the west, having a radius of 55 feet, tangent to the northeasterly line of said parcel and tangent to the southeasterly line of said parcel.

Also excepting therefrom that portion thereof which lies northerly of said northeasterly line and its northwesterly prolongation.

Also reserving and excepting unto the County of Los Angeles rights of way for sanitary sewers, access, fire access and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said County for such purposes,

DESCRIPTION APPROVED

NOV 12 1974

HARVEY T. BRANDT
County Engineer

By Ayuda T. Alvarado Deputy

EXHIBIT D

CONSENT TO ASSIGNMENT OF LEASE

The COUNTY OF LOS ANGELES ("County"), lessor under that certain Lease No. 4709, dated July 21, 1961, as amended by amendments numbered 1 through 13 (hereinafter the "Lease"), applicable to those certain premises commonly known as Parcel 64T, Marina del Rey Small Craft Harbor, described in Exhibit A, attached hereto and incorporated herein by this reference, does hereby consent to the assignment of said Lease by the present lessee, TUXEDO REAL ESTATE LIMITED PARTNERSHIP (TUXEDO), a Delaware limited partnership, to LYON VILLA VENETIA, LLC, a Delaware limited liability company, LYON VILLA VENETIA II, LLC, a Delaware limited liability company, WOLFF VILLA VENETIA 224, LLC, a Delaware limited liability company, and WOLFF VILLA VENETIA 224 II, LLC, a Delaware limited liability company (collectively "LYON/WOLFF"), in accordance with that certain Assignment of Lease and that certain Acceptance of Assignment of Lease prepared in connection with the proposed assignment contemplated thereby ("Assignment"). County further agrees that upon the effective date of said Assignment, TUXEDO shall be fully relieved of, and released from, any and all obligations to County under the Lease accruing on or after the effective date of said Assignment. It is further understood and agreed that the County's consent to the Assignment is subject to the following express conditions:

- A. This Consent to Assignment shall be null and void and of no further force or effect, until and unless the Assignment is complete and irrevocable in all respects within forty-five (45) days of the date of execution on behalf of the County of this Consent to Assignment of Lease.
- B. This Consent to Assignment is contingent upon LYON/WOLFF'S assumption and agreement to perform all obligations past, present and future, created by the terms, covenants and conditions of said Lease on the part of the lessee therein named to be performed, as set forth in the Acceptance of Assignment relating to the Assignment, and as otherwise required under the Lease.
- C. The Assignment, having once become complete and irrevocable in all respects, shall thereafter be fully binding upon LYON/WOLFF whether or not TUXEDO and LYON have entered into a separate agreement or understanding to which the County is not a party and which provides for or otherwise purports to affect the Assignment, and whether or not in such event any party thereto alleges, claims or otherwise shows or proves that there has been a breach, default, violation, or termination of any such separate agreement.
- D. LYON/WOLFF shall not make any further assignment or sublease of the Lease, nor any portion thereof, without the written consent of County as lessor having first been obtained thereto in accordance with, and to the extent required by, the provisions of Section 22 of the Lease.

Dated this ____ day of _____, 2004

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:
VIOLET VARONA-LUKENS,
Executive Officer of
the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL

OFFICE OF THE COUNTY COUNSEL

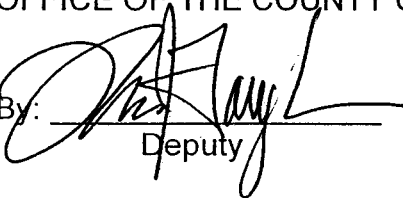
By:  _____
Deputy

Exhibit A
LEGAL DESCRIPTION

Assessor's Parcel Number: 8940-370-036 Code: 1608

DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 892 TO 898 INCLUSIVE OF L.A.C.A. MAP NO. 88, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDED IN BOOK 1, PAGES 53 TO 70 OF LOS ANGELES COUNTY ASSESSOR'S MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LAND ALL MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN, UNDER OR RECOVERABLE THEREFROM, AS EXCEPTED IN THE DEED FROM UNION OIL COMPANY OF CALIFORNIA RECORDED MAY 29, 1945 IN BOOK 21983 PAGE 305, OFFICIAL RECORDS AND IN THE DEED FROM SOUTHERN CALIFORNIA GAS COMPANY, RECORDED NOVEMBER 21, 1946 IN BOOK 23939 PAGE 338 OF OFFICIAL RECORDS, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON SAID LAND, EXCEPT BELOW A DEPTH OF 200 FEET FROM THE SURFACE THEREOF, AS PROVIDED BY A QUIT CLAIM DEED FROM SOUTHERN CALIFORNIA GAS COMPANY, OWNER OF ALL ABOVE MINERAL RIGHTS, RECORDED MARCH 7, 1961, IN BOOK D-1147, PAGE 379 OF OFFICIAL RECORDS.

Common Street Address: 13900-13908 Fiji Way, Marina Del Rey, California